

CHAPTER 39
MENTAL ILLNESS SPECIAL SERVICES FUND

PREAMBLE

These rules define the methods to be used to disburse the mental illness special services fund. The special services fund shall provide funds for construction and start-up costs to develop community living arrangements to provide for persons who are homeless and have a mental illness. Authority to utilize funds for the purposes expressed herein shall begin on the date these rules take effect and be available during this or subsequent state fiscal years for which funding is appropriated.

DIVISION I
SUPPLEMENTAL PER DIEMS
Rescinded IAB 5/24/95, effective 7/1/95

441—39.1 to 39.20 Reserved.

DIVISION II
CONSTRUCTION AND START-UP COSTS

441—39.21(225C) Definitions. When funds appropriated for construction and start-up costs are used to match federal Stewart B. McKinney Homeless Assistance Act funds, federal definitions and program guidelines shall supersede definitions and program guidelines set forth in this rule.

“*Administrator*” means the administrator of the division of mental health and developmental disabilities.

“*Applicant*” means a unit of local government, public housing agency, or private nonprofit organization.

“*Central point of coordination administrator*” means CPC administrator as defined at rule 441—25.11(225C).

“*Commission*” means the mental health and developmental disabilities (MH/DD) commission.

“*Community living arrangements*” means an array of new living environments found in the community to which varying levels of support are provided based on an individual’s level of need and personal choice.

“*Construction and start-up costs*” includes costs associated with rehabilitation or renovation of an existing structure to meet the intent and purpose of this program. It also includes the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights, and interests required for acquisition, construction, or both. It also means other expenses incidental to the acquisition or construction of a project, the financing or the acquisition or construction, including the amount authorized in the special services fund for the purposes of this program and the financing of the placing of a project in operation, and the expense of other eligible project activities. Start-up costs may also include: rental assistance per usage permitted under the Stewart B. McKinney Homeless Assistance Act (39.29(8)f); security, damage, and rental deposits; utility deposits; or similar costs associated with procuring a living arrangement from a private landlord. Limitations for the usage of funds to pay for these start-up activities will be defined for fund recipients by the division in order to best meet the intentions of the program.

“*Director*” means the director of the department of human services.

“Division” means the division of mental health and developmental disabilities in the department of human services.

“Homeless” means an individual who:

1. Lacks a fixed, regular, and adequate nighttime residence.
2. Has a primary nighttime residence that is: a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); an institution that provides a temporary residence for individuals intended to be institutionalized; or, a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.
3. Is currently not a homeless individual but is at risk of becoming a homeless individual.

This definition does not include any individual imprisoned or otherwise detained under an Act of the Congress or state law except for those persons who have been committed to a state mental health institute as per Iowa Code chapter 229.

“Mental illness” means mental illness as defined under “Persons with mental illness” in rule 441—22.1(225C) and chronic mental illness as defined under “Persons with chronic mental illness” in rule 441—22.1(225C).

“Planning council” refers to the mental health and developmental disabilities regional planning councils defined in Iowa Code section 225C.18.

“Recipient” means a county, group of counties, person or other entity that has received special services funds.

“Rehabilitation” means labor, materials, tools, and other costs of renovating or improving structures to a level that meets applicable state and local government health and safety standards.

441—39.22(225C) Distribution of funds. During any state fiscal year for which funds are appropriated, the department may use the funds to match federal Stewart B. McKinney Homeless Assistance Act funds. This Act authorizes funds to develop housing and support services for homeless persons with mental illness. This program shall be administered in accordance with federal regulations at Title 24, Part 578, as amended to March 15, 1993. The process to determine the distribution of state funds to meet the matching fund requirements of the Stewart B. McKinney program is described in rule 441—39.29(225C). If the appropriated state funds are not used to match these federal dollars, the administrator shall award state grants from the special services fund for the purposes of construction and start-up of new community living arrangements for adults who are homeless and have a mental illness. The department shall administer the funds to eligible recipients during any year in which funds are available for the purposes of this program. The amount allocated to each recipient shall be contingent upon the funds available. The department reserves the right to provide less than the amount of the funds appropriated if there is an insufficient number of acceptable grant proposals submitted to adequately achieve the purposes of the special services fund and the department may retain appropriated funds for future funding activities if applications for the state grants do not appear to meet the intent or do not follow the development principles of this program. Funds that are unobligated, unspent, or refunded to the division by a fund recipient shall be retained by the division and used for the same intended purpose of this program in future funding activities.

441—39.23(225C) State grant application process. This rule describes the process to disburse dollars that are not used to match the federal Stewart B. McKinney Homeless Assistance Act funds.

39.23(1) Grant cycle. The administrator will announce through public notice the opening of an application period. Potential applicants for grants shall submit first a notice of intent to apply and then a grant proposal by the deadlines specified in the public notice.

39.23(2) Notices of intent. Notices of intent, in printed, hard-copy form, should be no longer than two typed pages and must:

- a. Identify the applicant.
- b. State the need and problem the project would address.
- c. Describe the scope of the project.
- d. Estimate the project budget.

39.23(3) Review of notices of intent. Only notices of intent received by the deadline specified in the public notice will be considered. Notices of intent may be sent to the department using methods that will produce a printed copy, e.g., hard copy delivered by a postal or other carrier, electronic mail documents that may be printed from the receiving computer, or a facsimile machine that produces a printed copy of the document. Verbal notices of intent shall not be considered. The sender assumes all risk for the delivery of the notice of intent to the destination and by the deadline published in the public notice regardless of the method used. Applicants shall be given a written acknowledgment of receipt of the notice of intent which may include comments on the project if the intent shows a lack of understanding of program requirements. The administrator shall have the discretion to amend the notice of intent content requirements for any given grant application period.

39.23(4) State grant proposal. Applicants for the construction and start-up funds shall submit the proposal to the administrator on Form 470-2773, Application for Grant Funds to Develop Community Living Arrangements for Homeless Persons with Mental Illness. If a proposal does not contain all the information specified in the application package including the original application and the required number of copies of the application or if it is received after the submittal deadline, the proposal shall be denied for review. The application content length shall not exceed 15 pages excluding appendices. Proposals that exceed these page limitations shall be excluded from the competitive review process. Only hard copies of the application will be accepted. Facsimile and other non-hard-copy submittals shall be denied for review. The administrator shall have the discretion to amend the grant proposal content requirements for any given grant application period. Applications shall contain the following information:

- a. A complete application with original signatures on the "face sheet."
- b. Nine additional copies of the completed application.
- c. A project information sheet.
- d. The general assurances, with appropriate signatures.
- e. A summary section.
- f. An introduction section.
- g. A letter of endorsement from the central point of coordination administrator of the county or counties in which the project will occur. This letter shall nominate the project for construction and start-up funding. For a statewide project, a letter is required only from the central point of coordination administrator of the county of the applicant.
- h. Six letters of support from agencies or individuals stating familiarity with the proposed project and substantiating the experience of the applicant to conduct the proposed project. These letters should be authored by a diverse group including professional or service provider organizations, local government and housing officials, advocates for persons to be served by the project, and service consumers and their family members. A minimum of one letter each must be from:

(1) Consumer organizations or mental health service consumers that represent Iowa consumers of mental health services.

(2) Family member organizations or individuals that represent family members of persons with mental illness.

- i.* Letters of agreement (if applicable).
- j.* A problem statement section.
- k.* A project goals and objectives section.
- l.* A project methodology section.
- m.* A project budget section.
- n.* A project evaluation section.
- o.* A written letter of project support from the local homeless coordinating board if the geographical area in which the project will occur has one of these boards established.
- p.* Rescinded IAB 5/6/98, effective 7/1/98.

39.23(5) Project review. All proposals meeting the minimum criteria above will be evaluated by members of a review committee established by the administrator. The review committee will comprise the commission, staff of the division, and others from the public and private sectors. The review committee shall make recommendations of approval or disapproval to the administrator. The review criteria and the weighted value of each section of the application are contained in the application package, Form 470-2773, as indicated in subrule 39.23(4). The administrator shall award all grants. To help in determining how well a proposal meets the intentions and development principles of the program, the following sections of the application and their weighted values will be considered in selecting proposals for funding:

- a.* Introduction (21 points)—describing the project and the experience, expertise, and community linkages of the applicant.
- b.* Problem statement (9 points)—describing the need for the project.
- c.* Project goals and objectives (6 points)—measurability and indicators of anticipated outcomes and their relationship to the identified needs.
- d.* Methods (15 points)—describing the project design and the ways in which the project will be implemented.
- e.* Evaluation (3 points)—the plan to determine the degree to which goals and objectives were achieved and project methods were followed to achieve them.
- f.* Budget (12 points).

39.23(6) Notification. Notification of acceptance or denial of the proposal will be sent to each applicant within ten working days after the application due date.

441—39.24(225C) Contracts. The funds for approved projects will be awarded through a contract entered into by the director and the applicant. The contract may cover a period not to exceed the last day of the state fiscal year for which funds are appropriated.

441—39.25(225C) Records. Recipients shall keep statistical and financial records of all grant activities provided and any other records as required by the department and specified in the contract.

441—39.26(225C) Evaluation. The division shall monitor all projects while they are in progress and shall evaluate each project at the end of the contract period.

441—39.27(225C) Conflict of interest. Pursuant to Iowa Code section 225C.5, the members of the commission are appointed on the basis of interest and experience in the fields of mental health, mental retardation or other developmental disabilities, and brain injury and include: members of county boards of supervisors, members of a mental health and developmental disabilities regional planning council, board members of a community mental health center or a statewide association of persons with mental illness or of family members of persons with mental illness, board members of an agency serving persons with mental retardation or of a statewide association for persons with mental retardation, members of a statewide organization for persons with developmental disabilities other than mental retardation, and members of a statewide organization for persons with brain injury. These requirements create potential for conflict of interest, but are critical to ensuring the desired experience, expertise and interest on the commission. To protect against conflict of interest in application reviews the following guidelines shall be observed by the commission and by members of other groups assisting the administrator with application reviews:

39.27(1) Affiliation. Any member with an affiliation through employment, board membership, consumer status or any other direct relationship with an applicant agency shall not participate in the review, discussion, recommendation or approval of that application.

39.27(2) Affiliation through employment. If the affiliation is through employment, that member will be permitted to participate in establishment of criteria for applications from that funding source during that fiscal year, but shall not participate in the review of any other applications from agencies serving the same population group. However, that member would be permitted to review applications serving other population groups.

39.27(3) Affiliation through other means. If the agency affiliation is through board memberships, consumer status, or other direct connection, that member shall be permitted to participate in establishment of criteria for applications from that funding source during that fiscal year, and shall be permitted to participate in the review of all other applications.

441—39.28(225C) Appeals. Applicants dissatisfied with the administrator's decision on an application for special services fund grant funds may file an appeal with the director. A letter of appeal must be submitted within ten working days of the date of the notice of decision and must include a request for the director to review the decision and the reasons for dissatisfaction. Within ten working days of the receipt of the appeal the director will review both the appeal request and evidence provided by the administrator and will issue a final decision.

441—39.29(225C) Stewart B. McKinney application process. This rule describes the process to determine state endorsement of applications and the distribution of dollars which may be used to match the federal Stewart B. McKinney Homeless Assistance Act funds. Funds that are unobligated, unspent, or refunded to the division by a fund recipient shall be retained by the division and used for the same intended purpose of this program in future funding activities.

39.29(1) Applicants for the Stewart B. McKinney funds. The applicants for the Stewart B. McKinney Homeless Assistance Act funds include states, Indian tribes, metropolitan cities, public housing agencies, counties, governmental agencies, private nonprofit organizations, or community mental health organizations that are public nonprofit organizations. The United States Department of Housing and Urban Development (HUD) defines the requirements of all applications. In order to ensure that applicants that wish to use state funds to meet Stewart B. McKinney Homeless Assistance Act application match requirements meet the HUD and state criteria, the division shall screen all applications before endorsing them. Federal regulations and other state criteria pertaining to Stewart B. McKinney programs shall be the bases for the state's screening process.

39.29(2) Public notice of funding. The publication of the HUD Notice of Funding Availability in the Federal Register shall constitute official public notice. The department shall develop the time frames for submitting proposed applications to the division to be screened using the time frames annually determined by HUD. Interested applicants shall contact the division to express their intentions to apply and use the state funds to meet match requirements.

39.29(3) Screening process. The department shall determine to what extent an applicant is able to meet the federal and state program requirements to help determine whether or not it will endorse an applicant and allow state funds to be used to meet match requirements. The department, through the division, will work with eligible applicants that have an interest in a federal program by providing technical assistance regarding the program guidelines, federal and state requirements, application procedures, and related matters. The general scope of the Stewart B. McKinney programs is to develop innovative approaches for providing supportive housing, especially to deinstitutionalized homeless individuals, homeless families with children, and homeless individuals with mental disabilities. A central purpose of the program and the intended focus of the department is to provide supportive housing for deinstitutionalized homeless individuals and other homeless individuals with mental illness. Applicants shall submit their project information to the administrator of the division per established time frames in order to be screened and considered for support by the department. The division will consider applications only if it is determined that federal time frames and state funds availability are compatible and the time frames are conducive to allow ample review time by the division. Applications will be screened to determine if they meet HUD and department criteria and whether or not the department will endorse an application and allow state funds to be used as match funding.

39.29(4) Screening criteria based on federal regulations. The federal application and program requirements that are published annually in the Federal Register and other relevant documents shall be used to define these criteria. The weighting process used by the federal government shall be used by the department for screening purposes. These federal application and program requirements may include, but are not limited to:

- a. Applicant capacity to run a successful project.
- b. Innovative quality of project.
- c. Need for housing in the areas to be served.
- d. Coordination with other programs.
- e. Targeting to persons on streets or in shelters.
- f. Cost-effectiveness.
- g. Project design quality.

Consideration will only be given to applicants and projects that meet all of the HUD requirements. In addition to the federal requirements, state requirements as set forth in subrule 39.29(5) will be used to screen applications.

39.29(5) State requirements. All applicants must submit the following to be eligible. Failure to do so will eliminate an application from consideration.

- a. A written letter of endorsement by the central point of coordination administrator of the county(ies) in which the proposed project will occur. This letter shall nominate the applicant and project for consideration by the department.
- b. A written letter of support and endorsement by the applicant's governing body.
- c. Written documentation that the project is designed for homeless persons with chronic mental illness per the definitions established by HUD and the state of Iowa as set forth in rule 441—39.21(225C).

d. A written letter of project support from the local homeless coordinating board if the geographical area in which the project will occur has one of these boards established.

e. A minimum of six letters of support from agencies or individuals stating familiarity with the proposed project and substantiating the experience of the applicant to conduct the proposed project. These letters should be authored by a diverse group including professional or service provider organizations, local government and housing officials, advocates for the population group, and service consumers and their family members. A minimum of one letter each must be from:

(1) Consumer organizations or mental health service consumers that represent Iowa consumers of mental health services.

(2) Family member organizations or individuals that represent family members of persons with mental illness.

f. Written endorsement by the regional and local department offices. These endorsements shall substantiate the needs described in the project and support the applicant and project.

g. Written letters of commitment from all sources of matching funds, whether in-kind or cash.

h. Written letters of commitment from all sources of funds related to the project that will be used to provide ongoing supportive services' or operations' funding.

i. Certification of Applicant and Assurances, Form 470-3000.

39.29(6) Screening review committee. The department shall decide whether or not to endorse an application based on the recommendations of a review committee to be established by the administrator. The composition of this committee may include: the commission, housing and other state agencies, service providers, advocates for persons with mental illness or for persons who are homeless, and service consumers. The conflict of interest rules defined in rule 441—39.27(225C) shall apply to the review committee. The criteria noted in subrules 39.29(4) and 39.29(5) shall be used as the basis for the review committee's recommendations to the department. Review committee recommendations shall include the ranking of all eligible applications based on the amount of the points received for meeting the federal requirements and on the extent to which local projects satisfy the state requirements. This ranking will be used to determine which of the applications will be endorsed by the department and how the state-appropriated funds are distributed. The department may, at its discretion, accept or deny applications on the basis of the above guidelines and the review committee's recommendations.

39.29(7) Using state-appropriated funds to meet the federal matching fund requirements. Stewart B. McKinney and HUD programs require matching funds. Applicants endorsed by the department may use the state-appropriated funds to meet an eligible application's matching fund requirements per the following:

a. Applicants will provide from other eligible funding sources a minimum of 30 percent of a project's matching fund requirements. The state-appropriated funds may be used to meet the balance of a project's matching fund requirements.

b. No single project may utilize more than 50 percent of the amount appropriated in any state fiscal year.

c. If applicants' requests to use the state-appropriated matching funds exceed the amount appropriated, funds will be distributed based on the above percentages using the rankings described in 39.29(6) until all of the funds are obligated.

39.29(8) Allowed expenditures. Generally allowed expenditures of the federal funds (subject to change based on amendments to federal regulations) are as follows:

a. Acquisition of land or structure (subject to meeting matching fund requirements).

b. Rehabilitation of structures (subject to meeting matching fund requirements).

c. New construction if cost-effectiveness is demonstrated (subject to meeting matching fund requirements).

d. A portion of operating costs.

e. A portion of supportive services costs.

f. Rental assistance.

39.29(9) Notification. The department shall send notification of whether or not a project receives state endorsement and whether state-appropriated funds may be used by the applicant to meet matching fund requirements to each applicant within 20 working days of the deadline date for submission of proposed applications to the division administrator. The notification shall include the reason for the decision and applicant's appeal rights.

39.29(10) Appeals. Applicants dissatisfied with the department's decision may file an appeal with the director. A letter of appeal must be submitted within ten working days of the date of the notice of decision and must include a request for the director to review the decision and the reasons for dissatisfaction. Within ten working days of the receipt of the appeal the director will review both the appeal request and evidence provided by the administrator and will issue a final decision.

These rules are intended to implement Iowa Code chapter 225C.

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